



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

July 21, 2004

Neil Byerley, Treasurer  
Lindsey Graham for Senate  
P.O. Box 1155  
Seneca, SC 29679

Re: ADR 178 (Audit 03-21)  
Lindsey Graham for Senate and Neil Byerley, Treasurer

Dear Mr. Byerley:

The Audit Division of the Federal Election Commission ("FEC" or "Commission") determined that matters arising from its recent review of the 2002 election cycle records warranted further examination for possible violation of the Federal Election Campaign Act of 1971, as amended. The Commission, thereafter, reviewed the file and voted on July 19, 2004 to assign this matter to the FEC's Alternative Dispute Resolution Office ("ADRO") for processing.

The FEC established the ADR Program to provide an informal means for resolving matters that come before the Commission and to facilitate negotiations directly with Respondents. The ADR Program provides Respondents with an opportunity to negotiate, and if necessary, mediate settlement of a matter that is mutually agreeable. The negotiations occur prior to any Commission consideration of whether there is reason to believe a violation has occurred. If negotiations and/or mediation are successful, the resulting settlement would conclude the matter.

The Commission, in referring the matter to the ADR office, determined that the case is eligible for processing in the ADR program. If Respondents decide to participate in the Program, i.e., negotiation and/or mediation, you must: 1) indicate in writing a willingness to have your case submitted to the ADR process; 2) agree to participate in the bilateral negotiations and if necessary, mediation; and 3) waive the statute of limitations while the matter is being processed under the FEC's ADR program.

The issues referred to the ADRO and the focus of our subsequent negotiations are summarized as follows:

Reports filed by Respondents Lindsey Graham for Senate and Neil Byerley, Treasurer, ("Respondents") in the 2002 election cycle were found to have misstatements of financial activity. In 2001, receipts and ending cash balance were overstated and disbursements

FEDERAL ELECTION COMMISSION, ALTERNATIVE DISPUTE RESOLUTION OFFICE  
999 E STREET N.W., WASHINGTON, DC 20463  
TELEPHONE: 202.694.1665 FAX: 202.219.0613  
EMAIL: lfraser@fec.gov

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were understated. In 2002, the reported financial activity began with the overstatement of the beginning cash balance. The overstatement of cash on hand combined with the understatement of receipts and the overstatement of disbursements in 2002, resulted in an overstatement of the ending cash balance for the second year. In addition, the audit of all transfers from authorized committees identified eight transfers that were not adequately disclosed. The errors included incorrect names of the transferring committees and incorrect amounts. In response to the interim audit, Respondents filed amended reports and amended Schedules A to correct the errors.

If after reviewing this letter and the enclosed brochure, which describes the ADR program, Respondent(s) would like this case selected for ADR processing, you need to affirmatively indicate that on the enclosed Commitment to Submit Matter to ADR Program form. **Failure to respond affirmatively within fifteen (15) business days of receipt of this letter will be taken as a notice of disinterest in the program and your case will be dropped from further consideration for ADR.** In that event, your case will be sent to the FEC's Office of General Counsel and the likelihood that the Committee will be audited during the next election cycle will increase.

This matter has been designated as ADR 178. Please refer to this number in future correspondence with the FEC. If you have questions about the ADR Program, please contact the ADRO at my direct dial as indicated below

Sincerely,

Lynn M. Fraser, Assistant Director  
Alternative Dispute Resolution Office  
202-694-1665

Enclosures: Brochure  
Commitment to Submit Matter to ADR  
Designation of Representative/Counsel

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